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Poland

Product Brief

Grapefruit

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Report Highlights:

Polish consumers are becoming more health conscious, hence they are eating more fruit. The average Pole consumes almost 7 kg of citrus fruit per year. After a dramatic recovery in 2001, exports in 2002 dropped nine percent. This is in spite of the import duty having been lowered from 15 percent to five percent in September 2002.

Includes PSD changes: No
Includes Trade Matrix: No
Unscheduled Report
Warsaw [PL1], PL

Poland, with a population of nearly 38.7 million people, is the largest market in Central Europe. The country has been successful at attracting foreign investors in the food processing industry as the wholesale and retail sectors continue to grow. The Hypermarkets and Supermarkets are a prime example of this fast changing industry. The number of Hypermarkets is expected to double or even triple over the next several years. With this growth, strong markets for foods, like grapefruit, that were not always accessible before the transformation period (1990's), have now emerged.

The groundwork for grapefruit sales to Poland can be traced to the food deficits of the 1980's. During that time, shortages of food and most other goods were common. As a result, grapefruit was often given as a present for Christmas and other holidays. Grapefruit was considered exotic and healthy. The first grapefruits marketed here were white (white marsh seedless), however pink (ruby red, flames) and red (star ruby) varieties soon became the grapefruit of choice. Today, grapefruit is consumed primarily as a breakfast item or salad ingredient. As Polish consumers become more affluent and health orientated, the future value of grapefruit sales should appreciate.

Advantages	Disadvantages
Polish consumers are becoming more health conscious hence all fruits, including grapefruit, are gaining popularity.	Polish consumers misjudge Turkish and Israeli grapefruits as higher quality due to outward appearance when comparing to U.S. products
U.S. tariff charges were reduced from 15% to 5% in September 2002, making them equal to Turkey and Israeli duties.	European Union members will still have an advantage at a 0% duty rate.
Retail space for grapefruit is growing with supermarket and hypermarket expansion.	Polish consumers prefer the least expensive grapefruit available, which often favors Turkish or Israeli products and hinders U.S. exports

Section II. Market Sector Opportunities and Threats

1) Entry Strategy

Contacting the right importer will help a business enter the Polish grapefruit market. Most supermarkets, hyper markets and speciality shops buy a majority of their fresh produce through wholesalers, set up through large importers, which have their own distribution channels and marketing contacts. Exporters of U.S. grapefruit may obtain a list of current importers by contacting the Office of Agricultural Affairs of the U.S. Embassy in Warsaw (see Section V).

2) Market Size, Structure, Trends

The primary consumers of grapefruit thus far have been married women age 30-50 years old. It has been noted that older consumers (55-65 years old), buy smaller amounts of fruit, but on a more regular basis.

With the average Polish customer consuming 15 kg/per capita of apples versus only about 7 kg/per capita of citrus fruits, an increase in consumption, especially that of grapefruit and oranges, is expected in the near future, according to unofficial sources.

In 2001, U.S. sales of grapefruit in Poland made a dramatic comeback, increasing 60 percent, after significant decreases in the year 2000. However, grapefruit exports to Poland decreased from 7,164 MT in 2001 to 6,578 MT in 2002, a 9 percent decrease.

Figure 1:

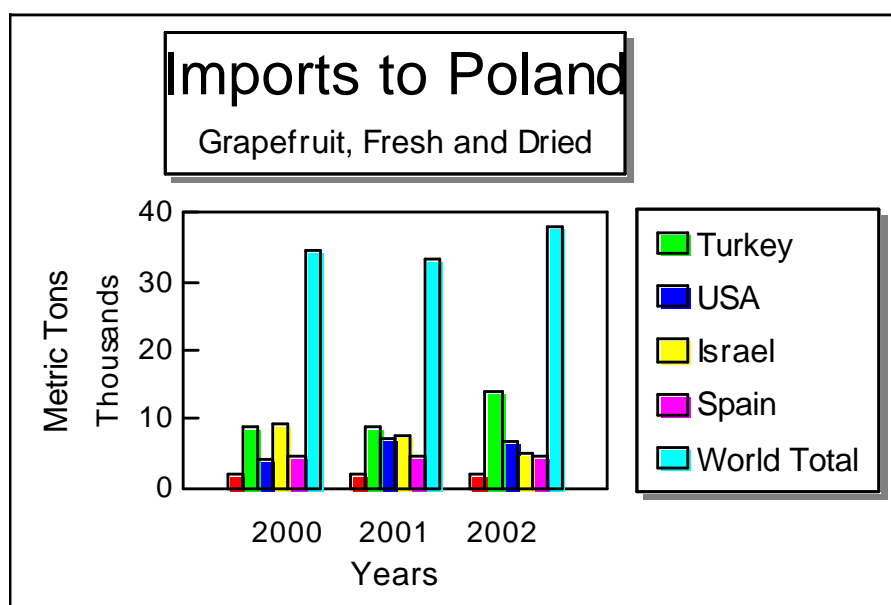


Table 1:

Grapefruit, Fresh or Dried, 080540						
Country	2000		2001		2002	
	Quantity in Metric Tons	\$1,000	Quantity in Metric Tons	\$1,000	Quantity in Metric Tons	\$1,000
Turkey	8788	2988	8752	3328	14218	6019
United States	4237	1440	7164	2873	6578	3159
Israel	9403	4323	7806	4449	5086	3063
Spain	4727	1898	4443	2375	4801	2744
World Total	34713	12748	33408	15473	37999	18151

Source: WTO

It is important to note that Poland is an important transshipment point for grapefruit.

According to some Polish importers, large shipments, constituting as much as 10 percent of the volume of imports of U.S. grapefruits, are purchased from intermediaries in Europe (mostly through the Netherlands) and may not be listed as a final destination point on U.S. export documentation, thus not appearing on U.S. statistics.

From 1996-2000, the Florida Department of Citrus was very active in the Polish market and marketed its product during the winter months to take advantage of the seasonal market. Using a variety of different promotional techniques (in-store promotions, production of Polish language leaflets, etc.), the FDOC helped stimulate an increase of grapefruit exports to Poland over the past few years.

3) Company Profiles

In the early 90's several large importing firms existed on the Polish market. In addition to these market leaders, there were an additional 20-30 smaller, local importers/distributors of grapefruit. This market organization was maintained until the year 2000. During 2000, huge market changes occurred in the area of fresh fruit and vegetable distribution. This change occurred due to the worsening economic situation in Poland at that time. In addition, some of the larger super and hypermarket chains operating in Poland organized their own import/distribution departments. Currently, there are 5-6 large importers of fruits and vegetables on the Polish market.

Section III. Costs & Prices

Currently, the Polish market is very much price driven. Super and hypermarkets dominating in the fruit trade are forcing Polish importers to concentrate only on the cheapest products, while at the same time requiring high quality. This trend is also evident in the retail sector, where Turkish grapefruit (2.00-2.60 zls/kg) dominates, followed by Israeli (3.60-4.20 zls/kg), and the U.S. (3.30-3.70 zls/kg) products. (Exchange rate: \$1.00 = 3.99 zlotys)

As a result of a June 2001 agreement between Poland and the United States, the import duty assessed on U.S. grapefruit dropped from 15 percent to 5 percent on September 6, 2002. This duty reduction is expected to encourage higher exports of grapefruit from the U.S. to Poland. Prior to the tariff reduction, strong price competition from countries utilizing preferential customs duty terms - European Union at zero percent and Israel and Turkey at five percent, hampered U.S. exports to Poland.

Polish imports of U.S. grapefruits could further increase once Poland becomes an EU member. The lower EU external tariff of 2.4 percent applied to U.S. grapefruit will be adopted upon Poland's EU accession May 1, 2004.

Section IV. Market Access

Shipments of fresh fruits require a phytosanitary certificate. Any shipment containing prohibited organisms (fungi, viruses, bacteria, insects, mites, weeds) will be prohibited from entering Poland.

A list of prohibited organisms is available from the Main Inspectorate of Plant Protection and available on the Inspectorate web page: <http://www.iorin.gov.pl>.

Polish phytosanitary regulations are based on a law dated July 12, 1995 whose whole text with relevant updates was published in Dziennik Ustaw in 1999 no. 66 pos, 751. Regulations currently in place (Dziennik Ustaw dtd. February 16, 2001 no. 22 pos. 248) specify: 1. harmful organisms subject to compulsory control; 2. lists of plants, plant products and objects which are forbidden entry to Poland; 3. Other specific phytosanitary requirements and 4. List of plants, plant products and objects for which a phytosanitary certificate is required. The U.S. grapefruit duty reduction from 15 percent down to 5 percent, occurred September 6, 2002 under Dziennik Ustaw number 143.

Section V. Key Contacts and Further Information

For more information concerning market entry and a current importer list contact:

-Embassy of the United States of America

Office of Agricultural Affairs, Warsaw, Poland

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